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C O N F I D E N T I A L BEIJING 003512

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STATE FOR EB/ESC PSIMONS, PHAYMOND AND EAP/CM JNORRIS, SECOR

E.O. 12958: DECL: 05/24/2017

TAGS: [ETTC](#) [PREL](#) [ENRG](#) [EPET](#) [NL](#) [CH](#) [IR](#)

SUBJECT: CHINA/ILSA: SINOPEC REITERATES YADAVARAN DEAL
SIGNING JUST "A RUMOR," NDRC OFFERS NO COMMENT

REF: A. STATE 67466

[1](#)B. BEIJING 03411

Classified By: Acting Economic Minister-Counselor Christopher S. Beede.
Reasons 1.4 (b/d).

(C) Consistent with reftel (B) comments from China's Ministry of Foreign Affairs, Tang Suxin Director General of Sinopec's Foreign Affairs Department told Econoffs on May 23, 2007 that reports of a late-May announcement of a deal between Sinopec and Iran on the Yadavaran oil field are merely "rumors." In a separate meeting on May 22, 2007, National Development and Reform Commission (NDRC) Energy Bureau Director Hu Weiping offered no comments on the delivered Yadavaran points, noting only that the points would be passed to senior NDRC officials for consideration and a response would be forthcoming. Sinopec's Tang stated that Sinopec understands Washington's concerns about investment in Iran given current tensions. Sinopec is a responsible company and strictly complies with international laws and regulations, including UNSC 1744, said Tang. Negotiations between Sinopec and Iran's national oil company have been ongoing for an extended period of time. Tang emphasized that Sinopec's contract for work on the Yadavaran field involves no plans for actual investment, but instead would only be an engineering service contract. In response to a question from Econoff, Tang stated that he is unaware of the origins of the rumor of a pending contract signing, but opined that Tehran may be exaggerating the current stage of negotiations for its own political ends.

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